

5. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a)(2) because a substantial part of the events giving rise to Plaintiffs' claims arose in this District.

6. Throughout the Summer of 2007, Watertown researched potential locations in the State of New York for a wind energy project (the "Project"). Watertown found a suitable location, and to confirm its conclusion, Watertown conducted additional research, including but not limited to preliminary evaluations of wind resources, the feasibility of receiving necessary governmental permits, potential environmental issues, transmission interconnects, power markets, and construction logistics.

7. Watertown then negotiated options to purchase the real property necessary for the Project.

8. At or around the same time, Watertown formed Upstate as a single purpose entity to own and develop the Project. Watertown is the sole shareholder of Upstate.

9. Watertown sought a money partner to provide development capital in connection with the Project, and to ultimately purchase the Project. On October 19, 2007, Watertown and nonparty Babcock & Brown Renewable Holdings, Inc. ("Babcock") entered into a Letter of Intent ("LOI") whereby Babcock would effectively purchase the Project, and Upstate, from Watertown, in return for which Watertown would receive a share of Project profits.

10. Babcock's capital contributions for Project development were secured by loan documents, and would be repaid out of financing when the Project went to construction.

11. The LOI contained all necessary material terms for the purchase of the Project and Upstate, but still required Babcock and Watertown to negotiate in good faith, and enter into, definitive documentation reflecting the LOI terms, most notably a purchase and sale agreement (the “Purchase and Sale Agreement”).

12. For approximately 2 ½ years, WDNY and Upstate performed their obligations under the LOI by securing development approvals; and Babcock performed its obligation by advancing approximately \$10 million in capital contributions for Project development.

13. Despite requests by WDNY, Babcock did not prepare the Purchase and Sale Agreement, and instead extended the LOI several times while both parties substantially performed under the terms of the LOI.

14. On or about May 20, 2009, Watertown and Babcock renewed the LOI by entering into an Amended and Restated LOI, which required the Purchase and Sale Agreement to be completed by July 31, 2009. The terms of the Amended and Restated LOI were virtually identical to the original LOI terms.

15. Shortly thereafter, Pattern acquired Babcock. Pattern is the successor-in-interest to Babcock in all respects that are relevant to this litigation, and Pattern’s management team was formerly employed by Babcock and fully involved in the Project on Babcock’s behalf before Pattern’s purchase of the Project. It was also Pattern’s management team that requested WDNY re-sign the Amended and Restated LOI on May 20, 2009.

16. The LOI and Amended and Restated LOI are enforceable contracts.

17. Pattern did not negotiate in good faith towards the Purchase and Sale Agreement.

18. Despite numerous requests by WDNY both before and after the July 31, 2009 expiration date of the Amended and Restated LOI, Pattern has refused to enter into a Purchase and Sale Agreement that reflects the terms as stated in the LOI and Amended and Restated LOI.

19. Pattern has engaged in numerous other breaches of the terms of the contract, including its duty of good faith and fair dealing.

20. As a direct result of Pattern's breaches of the LOI and Amended and Restated LOI, Watertown and Upstate have suffered damages in an amount to be proved at trial, but which exceeds \$75,000.00, exclusive of interest and costs.

WHEREFORE, Watertown and Upstate demand judgment against Pattern as follows:

- (a) An award of compensatory damages for Pattern's breach of contract;
- (b) Declaratory judgment that should the contract not be enforceable for any reason, WDNY's sole obligation is to repay Pattern its capital contributions; and
- (c) Such other and further relief as this Court may deem just and proper.

Plaintiffs demand a trial by jury.

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Respectfully submitted,
DAMON MOREY LLP

By: s/ Gregory Zini
William F. Savino
Gregory Zini
Attorneys for Plaintiffs
The Avant Building, Suite 1200
200 Delaware Avenue
Buffalo, New York 14202
Telephone: (716) 856-5500
Telecopier: (716) 856-5510
wsavino@damonmorey.com
gzini@damonmorey.com